



**Sheila Dixon**

Mayor,  
Baltimore

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***Mayor Dixon Announces Plan to Address  
\$60 Million Projected Budget Deficit***

*Furloughs and hiring freeze account for over half of proposal;*

September 23, 2009 (Baltimore, MD) – Facing a mid-year reduction of \$60 million in city revenues, Mayor Sheila Dixon was joined at City Hall by Comptroller Joan Pratt, Council Members Ed Reisinger, Helen Holton, and Mary Pat Clarke, along with city employees and members of her Cabinet to announce the city's plans to immediately reduce spending.

The Mayor's plan has a core objective to minimize employee layoffs, maintain a basic level of quality services to city residents, and to "live within our means" without imposing new taxes on residents. In addition to keeping the city's freeze on hiring in place, the Mayor is proposing furloughs for all city employees. These two spending reductions account for over half of the savings. Mayor Dixon also announced additional cost-saving measures by city agencies including an 8.5% reduction in the Mayor's Office.

"No chief executive ever wants to layoff or furlough their employees, however we are forced to find cost savings while preserving a commitment to effective and efficient government," stated Mayor Dixon. "I am grateful for the selfless sacrifice by thousands of our city employees to share the pain of these cuts and accept these proposed furloughs."

For Fiscal Year 2010, Mayor Dixon and the Baltimore City Council approved a balanced, zero-growth, budget that dealt with the city's \$65 million baseline budget gap. However, it is clear that the global economic crisis is continuing to affect Baltimore's economy. Preliminary estimates of local revenues by the Finance Department reflect a projected revenue shortfall of at least \$25 million.

In addition to declining local revenues, the city needs to address a \$35 million reduction in State aid approved by the State Board of Public Works in August. The total impact of the loss of these key revenue streams brings the city's currently projected revenue gap for the current fiscal year to an estimated \$60.2 million.

The Mayor is proposing the following cuts:

1. \$20.5 million by maintaining the current budget freeze on hiring,
2. \$2.3 million in deferral of PAYGO capital expenditures,
3. \$12.9 million in spending reductions by city agencies,
4. \$11 million from undesignated fund balance from Fiscal Year 2009, and,
5. \$13.5 million from an employee furlough plan.

Today the Finance Department sought approval from the Board of Estimates of a furlough plan for the city workforce. A furlough imposes unpaid leave on employees, including all full time, part time, temporary and contractual City employees as well as employees from quasi-public agencies including Baltimore Development Corporation, Parking Authority of Baltimore City, and Office of Promotion and the Arts. The plan will be effective October 5, 2009 through June 30, 2010.

The plan includes a combination of designated mandatory furlough days and additional mandatory furlough days. The designated mandatory furlough days are days in which the City will be officially closed except for 24/7 operations and trash and recycling collection.

A graduated scale based on the employee's salary will determine the number of furlough days for employees. Those making less than \$50,000 per year will take the mandatory five days. Employees making between \$50,000 and \$100,000 will take the mandatory five days plus an additional three days. All employees making more than \$100,000 will take the mandatory five days plus an additional five days.

The five designated mandatory furlough days that coincide with already designated City holidays include:

- Columbus Day Weekend, Friday, October 9, 2009,
- Day After Thanksgiving, Friday November 27, 2009,
- Christmas Eve, Thursday, December 24, 2009,
- Martin Luther King, Jr. Holiday Weekend, Friday, January 15, 2010, and,
- Memorial Day Weekend, Friday, May 28, 2010

The Mayor's proposals have received support from the City Union of Baltimore, the local branch of the American Federation of State, Federal and Municipal Employees and the Managerial and Professional Society of Baltimore, Inc.

“In order to maintain the high levels of public safety for our residents, it is imperative that the Police and Firefighter Unions rise to the occasion in support of this plan,” added Mayor Dixon.

Because the State Constitution excludes the wages of elected officials from a mandatory furlough plan, last week Mayor Dixon signed a waiver volunteering to furlough her salary last week. The Mayor will contribute the equivalent of 10 day’s pay back to the city over the course of 19 pay periods. This plan will be implemented in the first pay period of October for 19 straight pay periods ending June 30.

“In difficult times, elected officials must both lead by example, and share in the responsibility with their employees,” said Mayor Dixon.

Additional reductions from the Mayor’s Office include the removal of cars from the Mayor’s Office fleet, the elimination of paid internships, a reduction in funds to support community events, and cutting cell phones and blackberry’s from non-emergency personnel. These reductions in the Mayor’s Office constitute 8.5% less spending than FY’2009.

“Since the beginning of the budget cycle, I challenged city agency heads to get the most out of every dollar,” added Mayor Dixon. “So far, we have been successful in keeping our costs in line. However, we know that more revenue reductions and subsequent spending cuts are on the horizon. As long as we are able to maintain focus and unity as a city government, we will persevere.”

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